

INDUSTRIAL DEVELOPMENT AUTHORITY AGENDA

7:30 a.m., December 9, 2020

Jack Stroup Civic Center

355 W. Center Ave

Sebring, FL 33870

Janet Barber, Chair, Presiding

- 1. CALL TO ORDER – INDUSTRIAL DEVELOPMENT AUTHORITY**
- 2. PUBLIC COMMENT**
- 3. CONFIRMATION OF QUORUM**
- 4. CONSENT AGENDA**
 - A. IDA September 2020 Meeting Minutes
- 5. OLD BUSINESS**
 - A. Industrial Revenue Bond Update
 - B. Economic Development Ad Valorem Tax Exemption Program Update
- 6. NEW BUSINESS**
 - A. Commercial Pace Financing
- 7. ADJOURNMENT**

Next meeting:

Wednesday, March 10, 2021 at 7:30 a.m.

Lake Placid Town Hall

1069 US HWY 27 N

Lake Placid, FL 33852

INDUSTRIAL DEVELOPMENT AUTHORITY

December 9, 2020

CONSENT AGENDA – IDA

These action items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. A board member may request an item be moved to the regular agenda for discussion.

Presenter

Janet Barber

Request approval of the IDA Consent Agenda for the December 2020 Board of Directors meeting.

Recommended Action

Move to approve the IDA Consent Agenda for the December 2020 Board of Directors meeting.

Attachments

A. IDA Board Minutes – September 9, 2020

**INDUSTRIAL DEVELOPMENT AUTHORITY
DRAFT MEETING MINUTES
SEPTEMBER 9, 2020**

The Highlands County Industrial Development Authority Board of Directors meeting was held at the Lake Placid Town Hall, 1069 US Hwy 27 N, Lake Placid, Florida 33852, on Wednesday, September 9, 2020. Chair, Janet Barber, presided over the meeting; a quorum was present.

1. CALL TO ORDER – HIGHLANDS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

The September 9, 2020, Industrial Development Authority Board of Directors meeting was called to order at 7:35 a.m.

2. PUBLIC COMMENT

There were no comments from the public.

3. CONFIRMATION OF QUORUM

Name	Title	Organization	Present
Janet Barber	Chair	IDA/EDC Executive Committee	Yes
Ray Royce	Vice Chair	IDA/EDC Executive Committee	Yes
Carol Howard	Past Chair	IDA/EDC Executive Committee	No
Wade Taveniere	Secretary/Treasurer	IDA/EDC Executive Committee	Yes
Donna Doubleday	Director	IDA/EDC Board of Directors	Yes
Paul Koukos	Director	IDA/EDC Board of Directors	Yes
Thomas Leitzel	Director	IDA/EDC Board of Directors	No
John Shoop	Director	IDA/EDC Board of Directors	Yes
John Varady	Director	IDA/EDC Board of Directors	Yes
Craig Johnson	Director	IDA/EDC Board of Directors	No
Jim Renfro	Director	IDA/EDC Board of Directors	Yes
Jason Kimbrell	Director	IDA/EDC Board of Directors	No
Randy Surber	Director	IDA/EDC Board of Directors	Yes
Will Lenihan	Director	IDA/EDC Board of Directors	Yes
James Brooks	Commissioner, Liaison	Highlands County BOCC	Yes
Leah Sauls	Dev. Services Director	Highlands County BOCC	Yes
Meghan DiGiacomo	Exec. Manager of Business & Economic Development	Highlands County BOCC	Yes
Jeff King	Economic Development Manager	Highlands County BOCC	Yes
Rachel Barry	Zoning Supervisor	Highlands County BOCC	Yes
Angie Rodriguez	Zoning Specialist	Highlands County BOCC	Yes

Table 1: Meeting Attendance

**INDUSTRIAL DEVELOPMENT AUTHORITY
DRAFT MEETING MINUTES
SEPTEMBER 9, 2020**

4. CONSENT AGENDA

The Consent Agenda, which included the June 10, 2020, meeting minutes, was presented for consideration. John Shoop moved to approve the consent agenda; seconded by Randy Surber. Motion carried unanimously.

5. NEW BUSINESS

- A. Meghan DiGiacomo reviewed applications submitted for member re-appointments, as well as an application for new appointment for Roland Bishop. Ray Royce moved to approve all 7 reappointments, as well as appointing Roland Bishop to the Board; seconded by Wade Taveniere. Motion carried unanimously. Ray Royce inquired as to whether a letter will be sent to the Board of County Commissioners reflecting unanimous support of reappointing Mr. Shoop; Meghan confirmed, and read the letter into record.
- B. Meghan DiGiacomo gave an update on the industrial revenue bond process. COVID has slowed things down quite a bit, and they are not wanting to sell the building right now. John Shoop stated the City of Sebring has not received any notable updates either. Jeff King mentioned an article in the Wall Street Journal noting that senior facility development defaults are 3 times higher than normal.
- C. Meghan DiGiacomo gave an overview of the Tax Exemption Program. In 2010, the local voters approved the Tax Abatement Program, but it is set to expire after 10 years. Wade Taveniere, James Brooks, Ray Royce, and Paul Koukos spoke on their concerns regarding educating the public beforehand to curb rumors. Meghan asked the Board what direction they would like to take; Ray Royce said he would like for the Board to go on record showing unanimous support of the Resolution and the Program. Ray Royce made a motion to support the Tax Abatement Program; seconded by John Shoop. Motion carried unanimously.

6. ADJOURNMENT

The September 9, 2020, Industrial Development Authority Board of Directors meeting was adjourned at 8:13 a.m.

Next Meeting:

Wednesday, December 9, 2020 at 7:30 a.m.
Jack Stroup Civic Center
355 W Center Ave.
Sebring, FL 33870

Minutes Submitted By: Rachel Barry, Zoning Supervisor

Approval Date: draft

INDUSTRIAL DEVELOPMENT AUTHORITY

December 9, 2020

INDUSTRIAL REVENUE BOND UPDATE

Presenter

Meghan DiGiacomo, Executive Manager of Business & Economic Development

Jeff King, Economic Development Manager

General update. Some delays due to COVID-19.

Recommended Action

Information Item / Discussion

Attachments

A. Highlands News-Sun Article

Harder Hall plans slowed by funding challenges

By MARC VALERO Staff Writer

Nov 23, 2020 Updated Nov 23, 2020

SEBRING — The owner and operator of a Brevard County assisted living facility still plans to renovate Harder Hall, but the timeline has been delayed by an unfavorable bond market.

Highlands News-Sun reported in February that American Investor Immigration Funds LLC partnered with Zon Living Concepts, which operates Zon Beachside Assisted Luxury Living, Indian Harbour Beach, Brevard County. The plan was to convert the Sebring landmark hotel into an assisted living facility.

Zon Living Concepts started selling bonds for the project but had been unable to raise funding in a saturated bond market.

City Administrator Scott Noethlich said the City sent a letter, seeking an update, within the past week to two of the Zon Living Concepts officials, who were going to renovate Harder Hall, but the City has not yet received a response.

Zon Living Concepts are part owners of Harder Hall with American Investor Immigration Funds, which purchased the hotel from the City of Sebring, he said.

Seeking an update on the project, in June the City of Sebring sent a letter to John Trehwitt and Greg Kennedy of Zon Living Concepts.

Kennedy responded, "It has definitely been and continues to be a challenging time especially in healthcare. We continue to adapt and adjust operations to keep the residents safe."

https://www.midfloridanewspapers.com/highlands_news-sun/news/harder-hall-plans-slowed-by-funding-challenges/article_e4aa810c-2bfc-11eb-a429-938d286917e2.html/?&logged_out=1

Regarding Harder Hall, as with all construction projects it has slowed down but the intent is still to do the project with an adjusted timeline. Unfortunately, the project timeline is difficult to project at this time as the barriers are out of our control, he said.

The bond market continues to experience upheaval and while we expect that to return the projections we have been told is it would be third or fourth quarter at the earliest, Kennedy noted

“We are in continual conversations with various banking partners and we can keep you updated as the credit markets begin to open up again,” he said in closing.

The plan was to start construction in November 2018. Those plans got moved back to December 2018 and then the spring months of 2019, and then got delayed again last summer.

Harder Hall, a 1920s-era hotel at 3151 Golfview Rd., Sebring, has been vacant since 1986.

INDUSTRIAL DEVELOPMENT AUTHORITY

December 9, 2020

ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM UPDATE

Presenter

Meghan DiGiacomo, Executive Manager of Business & Economic Development
Jeff King, Economic Development Manager

In 2010, the Highlands County Board of County Commissioners authorized a referendum to be placed before the voters of Highlands County during a regular election to be held on August 24, 2010 (which was voted on and authorized by the electorate) to allow the Board of County Commissioners to grant, pursuant to s. 3, Art VII of the State Constitution, property tax exemptions to new businesses and expansions of existing businesses. This ultimately resulted in the creation of the Highlands County Economic Development Ad Valorem Tax Exemption program, a local economic development incentive tool.

Per FS 196.1995, "the authority to grant exemptions expires 10 years after the date such authority was approved in an election, but such authority can be renewed for subsequent 10-year periods if each 10-year renewal is approved in a referendum called and held pursuant to this section." As such, now in 2020, 10 years later, it is time to request renewal through an approved referendum. This renewal would continue the existing program that has been in place for 10 years already.

The referendum was on the November ballot and the renewal successfully passed by 79.73% and a total of 38,039 votes.

Recommended Action

Information Item / Discussion

Attachments

None.

INDUSTRIAL DEVELOPMENT AUTHORITY

December 9, 2020

COMMERCIAL PACE FINANCING

Presenter

Meghan DiGiacomo, Executive Manager of Business & Economic Development
Jeff King, Economic Development Manager

Highlands County Economic Development (HCED) was approached by a PACE (Property Assessed Clean Energy) district representative that was working with a prospect considering the former Georgia Pacific building. The building itself needs quite a bit of work and the manufacturing prospect has utilized this type of financing successfully for a similar project in Indiana. PACE is a national initiative, but programs are established locally, meaning the local government must enable the financing in their jurisdiction through a Resolution.

Highlands County did not have this in place, but HCED brought it to the October 20 Board of County Commission meeting as an action item to see if the commission would like to enable this financing program for commercial projects. The resolution passed unanimously.

Recommended Action

Information Item / Discussion

Attachments

A. Commercial PACE Financing Overview

Commercial PACE Financing Overview

What is PACE?

Property Assessed Clean Energy (PACE) is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy, wind mitigation, and water conservation projects. PACE financing is repaid as an assessment on the property's regular tax bill and is processed the same way as other local public benefit assessments (sidewalks, sewers). Depending on local legislation, PACE can be used for commercial, nonprofit and residential properties.

NOTE: *Highlands County Economic Development staff is only presenting and recommending Commercial PACE, NOT Residential PACE.*

How Does It Work?

PACE is a national initiative, but programs are established locally and tailored to meet regional market needs. State legislation is passed that authorizes municipalities to establish PACE programs, and local governments have developed a variety of program models that have been successfully implemented. Regardless of model, there are several keystones that hold true for every PACE program:

- PACE is voluntary for all parties involved.
- PACE can cover 100% of a project's hard and soft costs.
- Long financing terms up to 20 years.
- Can be combined with utility, local and federal incentive programs.
- Energy projects are permanently affixed to a property.
- The PACE assessment is filed with the local municipality as a lien on the property.

[Florida Statute 163.08](#) authorizes a local government to levy non-ad valorem assessments to fund certain improvements for energy efficiency, renewable energy and wind mitigation. It also requires and allows local governments to enable PACE in their community.

Local governments are responsible for two crucial implementation tasks in order to enable PACE financing opportunities in their community:

1. Enacting a local PACE ordinance/resolution, which may be accomplished by joining a statewide program (if one was created), by adapting a model ordinance/resolution, or by developing a wholly local version.
2. Assigning responsibility to manage the PACE program, called the "program administration" (PA) function.

In Florida, 36 counties are already using some version of PACE, as well as 35 other states across the US including DC.

Why PACE?

PACE is beneficial to property owners because they can fund eligible projects with little, to no out-of-pocket costs. Since PACE financing terms extend to 20 years, it's possible to undertake deep, comprehensive retrofits that have meaningful energy savings and a significant impact on the bottom line. The annual energy savings for a PACE project can exceed the annual assessment payment, so property owners are cash flow positive more quickly. This means there are increased dollars that can be spent on other capital projects, budgetary expenses, or business expansion.

Local governments can benefit from PACE because it can be used as an Economic Development tool or initiative that lowers the cost of doing business in their community. It encourages new business owners to invest in the area and create jobs.

What Types of Properties Are Eligible for Commercial PACE?

- Industrial/Manufacturing/Distribution Centers
- Multi-Family Apartment/Mixed-Use
- Hospitals/Non-Profits/Churches
- Assisted Living Facilities/Senior Living Centers
- Agricultural
- Hospitality
- Single/Multi-Tenant Retail/Office Space

What Types of Improvements Are Eligible for PACE Financing?

- Impact windows & doors
- Roofing
- HVAC
- Solar Panels & battery storage
- Backup power generators
- Lighting
- Insulation
- Water heaters
- Pool pumps and pool heaters

Economic Development Impacts

- **Job Creation** -the estimated job creation (proved true by Charlotte County study) – every \$1M worth of projects funded by PACE results in 15 new jobs through local contractors
- **Economic Competitiveness** – enables local businesses to reduce operating (lower energy) costs & insurance costs letting them utilize the net savings to reinvest in their business
- **Attracting New Business** – PACE is a catalyst by enabling a business to conserve equity, cash, & debt that can be better spent on other uses such as jobs and other business or property attributes

Benefits to Commercial Property Owners

- Financing treated as an expense versus capital expenditure which improves the balance sheet and increases ROI
- Preserves capital
- Significantly lowers direct and indirect operating and maintenance costs (owners in coastal areas see 25-50% insurance reductions)
- Creates immediate increase in property value
- Tenants have reduced energy costs
- Assists with business retention & expansion

Benefits to the County

- No financial risk or liability as no public funds are used
- Increased tax base as building values are increased
- Improves the building stock quality and creates local jobs for contractors
- Structural hardening of properties to protect against hurricane wind damage
- Environmental benefits by lowering energy usage